



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

May 17, 2008

Mark Krebs, President
Pacific Advanced Civil Engineering, Inc.
17520 Newhope Street
Fountain Valley CA 92708

Dear Mr. Krebs:

RE: **FINAL MONITORING VISIT REPORT** for PACE – ET06-0300

Date of the Visit:	3/25/08
Beginning/Ending Time:	10:00 a.m. – 11:30 a.m.
Date of Last Visit:	7/11/07
Visit Location:	Fountain Valley
Persons in attendance:	Gary Tolosa, IT Manager, PACE; Margie Ikerd-Gyorgy, H.R. Manager, PACE; Breanna Bedford, H.R. Coordinator PACE; Kaitie Cross, Administrator, Training Funding Partners; Joe Davey, Contract Analyst, ETP
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	5/9/06 – 5/8/08	Agreement Amount:	\$144,000
Training Start Date:	5/9/06	No. to Retain:	90
Date Training must be Completed:	2/07/08	Range of Hours:	24 - 120
Type of Trainee:	Retrainee	Weighted Ave. Hours:	80

There were no items requiring corrective action during this monitoring visit.

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ETP (04/15/05)

FINAL REPORT SUMMARY:

• ***HISTORY OF AGREEMENT CHANGES***

The Agreement was executed on 6/22/06 and training began on 5/9/06. Your staff reported that all training was completed on 2/7/08, which allows for the 90-day retention period to be completed within the term ending date of the Agreement – 5/8/08.

• ***INTERVIEW WITH GARY TOLOSA, VICE PRESIDENT OF OPERATIONS***

Mr. Tolosa reported that the major barrier PACE experienced in achieving better performance was the change in market conditions in late 2007 in which PACE had to significantly downsize the company. This explains the high number of drops (25) for this small company. With the slowdown in the residential construction industry last year, PACE lost a significant portion of business and had to adjust employment to those conditions. Mr. Tolosa reported that this was the largest downsizing in the company's history. Additionally, Mr. Tolosa reported that the company's original training program was more optimistic than it realized. Because most of the company's training was conducted by internal resources, PACE underestimated the time and cost of developing its own training materials. This led to reduced number of training hours delivered per trainee than originally anticipated.

Mr. Tolosa reported that implementing the ETP project presented few difficulties with ETP record keeping requirements. Training Funding Partners assisted PACE in administering the Agreement and provided good assistance in record keeping requirements and class/lab tracking. Mr. Tolosa reported that the ETP process was laid out well and was easily understood.

He also reported that the benefits of the training were that PACE was able to establish its PEARL (Pacific Education Analytical Research Laboratory) training program and integrate it into the company's culture. Even though there was an overall loss of business in 2007, Mr. Tolosa reported that the knowledge base established through ETP-funded training improved the company's ability to acquire new business. Mr. Tolosa reported that even though PACE was unable to conduct as much training as it intended, the training that was completed improved the company overall.

Ms. Cross provided Mr. Davey with projected statistics for the closeout of the Agreement. According to Mr. Tolosa's records at the time of this final meeting, Mr. Tolosa expected to retain a total of 50 (55.5% percent of planned retentions) trainees for a total reimbursement of \$48,705, (33.8 percent of the encumbered amount). Mr. Mangels reported that there is still some class/lab tracking data to be entered online, and that he expects the closeout invoice to be submitted by 4/30/08.

ETP records as of the date of the final visit show that PACE has tracked a 6,383.5 training hours for 65 trainees who have completed at least the minimum 24 hours. This equates to a potential reimbursement of \$49,755, provided that all terms and conditions of the Agreement are met. Current records show that PACE has received \$30,000 in progress payments, none of which has been approved as earned. Mr. Davey reminded Mr. Tolosa that the closeout invoice should be submitted no later than 30 days after the end term date of the Agreement.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	92	Completed Retention:	50
Dropped Following Enrollment:	42	In Retention Period:	19
Completed Minimum Hours for reimbursement:	50		
Completed Training:	50		

ATTENDANCE ROSTERS:

Mr. Davey reviewed a sample of class/lab attendance rosters for four Job 1 trainees. All three trainees completed at least the minimum 24 hours of training; all are projected to complete the 90-day retention period. The review sample consisted of records for training completed during the period of May 2006, approximately 25 rosters. He compared the information from the online class/lab tracking records with the class/lab rosters to ensure that all ETP required information was present and compared the number of training hours reported in the class/lab rosters with the PACE's tracking documents. His review verified that the information on the class/lab rosters agrees with the number of hours reported in online class/lab tracking system. His review also validated that the information on the class/lab rosters contains all the information required as specified in Title 22, California Code of Regulations, Section 4442, Record Keeping.

AUDIT:

Pacific Advanced Civil Engineering, Inc. will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone (desk audit or "review"). These Audit Notification and Audit Confirmation letters will be sent to you in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

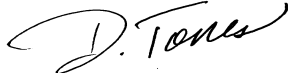
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Joe Davey at (619) 686-1919 or at JDavey@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager
San Diego Field Office



Joe Davey, Contract Analyst
San Diego Field Office

cc: Gary Tolosa, IT Manager, PACE
Chris Mangels, Training Funding Partners

Brian McMahon, Executive Director
David Guzman, Chief, Program Operations Division
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor May 19, 2008